

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**CORRECTED**  
**FISCAL MEMORANDUM**  
**HB 669 – SB 597**

May 26, 2009

**SUMMARY OF AMENDMENT (008844):** Deletes the language of the original bill. Requires the Commissioner of Revenue, upon request from the Commissioner of Safety, to deny issuance of motor vehicle registration renewal to any person convicted of not possessing the required proof of insurance, or to any person whose citation was dismissed on the grounds that proof of insurance did not exist at the time of the citation but was obtained prior to disposition by the court, until such person furnishes the required proof of insurance to the Department of Revenue (DOR) or county clerk. Authorizes the court to dismiss the charge for failure to provide proof of insurance if the court is satisfied that financial responsibility is in effect on or before the court date. Courts costs and litigation taxes shall not be dismissed.

FISCAL IMPACT OF ORIGINAL BILL:

Decrease State Revenue – Net Impact –  
\$4,237,900/FY09-10  
\$8,475,800/FY10-11 and Subsequent Years

Increase State Expenditures –  
\$540,700/FY09-10  
\$837,700/FY10-11 and Subsequent Years

Decrease Local Revenue – Net Impact –  
\$7,667,000/FY09-10  
\$15,333,900/FY10-11 and Subsequent Years

Increase Local Expenditures –  
Exceeds \$150,500/FY09-10\*  
Exceeds \$301,000/FY10-11 and Subsequent Years\*

\*Article II, Section 24 of the Tennessee Constitution provides that: *no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

**HB 669 – SB 597 (CORRECTED)**

## **FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

On May 21, 2009, a fiscal memorandum was issued for this bill as amended indicating a *minimal* fiscal impact. Based on additional information, the fiscal impact for the bill as amended is estimated as follows:

### **(CORRECTED)**

**Increase Local Revenue – Less than \$50,000**

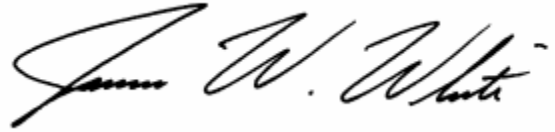
**Increase Local Expenditures – Not Significant**

Assumptions applied to amendment:

- The individual convicted or the individual whose case is dismissed because they obtained insurance prior to court is required under current law to provide proof of insurance to DOR or the county clerk before receiving their motor vehicle registration renewal.
- The fiscal impact for this bill as amended is dependent upon several unknown factors such as the number of counties and/or municipalities that do not charge litigation tax and court costs when these cases are dismissed under current law, the charge that will be levied when litigation tax and court costs are assessed in the future, and number of cases that will be dismissed in the future.
- Pursuant to Tenn. Code Ann. § 67-4-601(b), all revenue generated from the litigation tax goes to local government for the exclusive purpose of jail or workhouse construction, reconstruction or upgrading, or to retire debt, including principal and interest and related expenses, on such construction, reconstruction, upgrading, or for courthouse renovation.
- Revenue generated from court cost fees go to local governments.
- Determining a precise estimate for the extent of revenue generated from litigation tax and court cost fees is difficult due to the number of unknown factors. However, the increase to local government revenue is reasonably estimated to be less than \$50,000 per year.
- There will not be any increase to local government expenditures because the courts currently incur costs associated with these cases.

## **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" and last name "White" clearly legible, and "W." in the middle.

James W. White, Executive Director

/rnc